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Development Account

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the Development Account (A/63/335). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General was submitted pursuant to section VIII, paragraph 15, of General Assembly resolution 62/238.

I. Status of implementation of projects funded from additional resources

3. Part one of the report of the Secretary-General presented the status of implementation of the projects funded from additional resources provided under General Assembly resolutions 62/235 A for the biennium 2006-2007 and under Assembly resolutions 62/237 A and 62/238 for the biennium 2008-2009 (A/63/335, paras. 3-6). In its resolution 62/235 A, the Assembly decided to increase the provision under section 34, Development Account, by an amount of $5 million for the biennium 2006-2007, thus bringing the total appropriation to $21,551,900 for the biennium. Further, in its resolution 62/238, the Assembly decided to appropriate an additional $2.5 million for the Development Account for the biennium 2008-2009, while stressing that it was an exceptional measure towards addressing the lack of transfer of resources to the Account since its inception. Accordingly, in its resolution 62/237 A, the Assembly approved the appropriation of a total of $18,651,300 under section 34, Development Account, for the biennium 2008-2009, inclusive of the additional $2.5 million.

4. As regards the implementation of the projects funded from the additional resources under the above-mentioned resolutions, the report of the Secretary-

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General indicated that a total of 15 new projects had been selected, 10 to be included in the biennium 2006-2007 (fifth tranche) and 5 in the biennium 2008-2009 (sixth tranche) (A/63/335, paras. 4-6). It is also indicated that all of the projects are regional in scope and are intended to provide assistance in achieving internationally agreed development goals. Upon enquiry, the Advisory Committee was informed that project documents had been finalized for 11 of the 15 new projects and that, while some of the projects would begin implementation in 2008, most would become operational in 2009. The coverage of the projects by region and by thematic cluster is reflected in figures I and II in the report of the Secretary-General and the projects themselves are listed in the annex to the report. The Committee notes that the level of funding for the Development Account has been affected by the 2 per cent across the board reduction in non-staff costs, as reflected in General Assembly resolution 62/237 A, which, for the Development Account, amounted to $329,600.

5. In its report on the United Nations for the biennium 2006-2007, the Board of Auditors commented that the project monitoring mechanism put in place under the Development Account enabled project managers to assess the results achieved at the end of the project and recommended that the Administration put in place, for all of its technical cooperation activities, a results-measurement mechanism comparable to that required for the projects funded by the Development Account (A/63/5 (Vol. I), chap. II, paras. 88 and 89; see also A/63/474, para. 26).

6. The Advisory Committee notes that the proposed new projects all involve workshops or seminars. Upon enquiry, the Committee was informed that capacity-building, the main purpose of the projects funded under the Development Account, was carried out through a variety of methods, including the building of networks of expertise with links at the subregional, regional and global levels; the provision of advice affecting national, subregional and regional policies and practices; and the establishment of global databases of information. The Committee was also informed that expert networks were the prevailing knowledge management modality of the Development Account.

II. Implementation of decisions reflected in section VIII of General Assembly resolution 62/238

7. Part two of the report of the Secretary-General reviewed the implementation of decisions reflected in section VIII of resolution 62/238. In that resolution, the General Assembly encouraged the Secretary-General to work further towards identifying resources from possible reductions in administration and other overhead costs for transfer to the Development Account. The Assembly also recognized that the current modalities for financing the Development Account, which is to be funded from savings achieved as a result of the efficiency measures that can be identified in the context of budget performance reports, had not proved successful.

8. The report of the Secretary-General provided a brief account of the initial concept and strategy to create a "dividend for development" from savings in administration and other overhead costs, as well as background concerning efforts to identify such resources (A/63/335, paras. 8 and 9). The report indicated that the Secretary-General had presented a number of reports on enhancing cost-effectiveness in implementing legislative mandates, including measures taken to increase efficiency and productivity in the Secretariat. According to the Secretary-

General, "while efficiency measures have helped simplify processes, procedures, rules and services, have improved the quality of services and have had an impact on mandated programmes in the form of increased benefits, the results of these efficiency measures cannot be quantified" (see A/63/335, para. 9). Furthermore, the Secretary-General stated that identifying efficiency savings in order to increase the resource base of the Development Account had not been feasible.

9. **The Advisory Committee is not convinced by the argument presented in the report of the Secretary-General. The Committee points out that anticipated efficiency gains are calculated and routinely reflected in the budget submissions of peacekeeping operations. While recognizing the inherent differences between peacekeeping budgets and the regular budget, the Committee nonetheless suggests that the Secretary-General explore the possibility of using a similar approach in the regular budget. The Committee recommends that the General Assembly request the Secretary-General to develop a proper methodology to quantify savings from possible reductions, including in administration and other overhead costs, through improvements in internal procedures and ongoing human resources, information and communications technology and other management reforms, as well as resources released from discontinued activities and outputs.** In addition, the Committee notes that the enterprise resource planning system should include functionality for the identification of efficiency savings.

10. The Secretary-General recommends, in paragraph 10 (b) of his report, that the General Assembly may wish to take note of the fact that the original basis of funding the Development Account from efficiency savings is no longer applicable. **The Advisory Committee is disappointed that the report of the Secretary-General does not provide any options for tangible, predictable and sustainable funding for the Development Account, despite the concerns expressed by the Assembly in section VIII, paragraph 10, of its resolution 62/238. The Advisory Committee reiterates its recommendation that the Assembly may wish to review the Development Account in all its aspects (A/62/7/Add.6, para. 14). The Committee intends to revert to this issue in the context of its review of the proposed programme budget for the biennium 2010-2011.**